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**CHAPTER 534. PAY UNDER OTHER SYSTEMS**  
(To Be Used With 5 CFR , Part 534, Subpart B)

**SECTION A. TRAINEES IN GOVERNMENT HOSPITALS**

**1. SCOPE**

This section contains provisions for the compensation of student, intern, and resident trainees in accordance with 5 U.S.C. 5351-5356. Not included are trainees, students, and others appointed and compensated under 38 U.S.C. 7405 & 7406.

**2. REFERENCES**

- a. 5 U.S.C. 5351-5356
- b. 5 CFR, part 534, subpart B.

**3. POLICY**

The compensation of student, intern, and resident trainees covered herein shall be determined by the Under Secretary for Health, or his designee, as appropriate, but may not exceed the maximum permitted stipends prescribed by the Office of Personnel Management in part 534 of its regulations.



**CHAPTER 534. PAY UNDER OTHER SYSTEMS**

**SECTION B. NON-U.S. CITIZEN POSITIONS (MANILA)**

**1. SCOPE**

This section covers basic compensation policies and job evaluation, where appropriate, for positions occupied by non-U.S. citizens employed locally for service in the VA Regional Office, Manila, Republic of the Philippines. Paragraph 3 a, f, and g, of this section does not apply to non-U.S. citizen physicians, dentists, and nurses appointed under authority of 38 U.S.C. 7405 (see ch. 12, pt. II, of this manual for specific provisions relating to these employees).

**2. REFERENCES**

- a. 5 U.S.C. chs. 51, 53, 55 and 61.
- b. 5 CFR, parts 511, 531, 550 and 610.

**3. GENERAL EMPLOYMENT POLICIES**

Any position in the VA Regional Office, Manila, Republic of the Philippines, occupied by an employee who is not a citizen of the United States, shall be identified as a non-U.S. citizen position for the duration of such incumbency.

a. **Job Evaluation.** Although all non-U.S. citizen positions are excluded from coverage of 5 U.S.C. ch. 51, by section 5102(c)(11) of that chapter, the positions will be classified in the same manner generally as General Schedule employees using appropriate Office of Personnel Management and VA position classification standards, including those positions in the former CPC (Crafts, Protective, and Custodial) schedule. Grades assigned through application of CPC standards shall be converted to equivalent grades in accordance with the following chart:

CPC Grade	LS Grade
1,2,3	1
4	2
5	3
6	4
7	5
8	6
9	7
10	8

For personnel transactions, the symbol LS (Local Schedule) will be used as a prefix to grades in lieu of the symbol GS.

b. **Wage Schedules.** Salary rates for non-U.S. citizen positions will be based on periodic wage surveys conducted locally. Whenever possible, the collection of wage data will be through the

cooperative effort of, and participation by, the several U.S. Government agencies having offices or installations in the Philippines. However, in case a joint survey is not possible and the Director of the Manila regional office believes that there is a need for a survey, he may present the facts to the Under Secretary for Benefits for consideration. If circumstances warrant, the Director may be authorized to conduct a locality wage survey for determination of salary rates solely for VA positions. Schedules setting forth these rates of pay will be issued by the Under Secretary for Benefits after consultations with the Under Secretary for Health and the Deputy Assistant Secretary for Human Resources Management.

c. **Effective Date of Revised Schedules.** Revised rate schedules will be made effective, as of a date determined by the Director, Manila regional office, within 45 days from the date of receipt in that office. The effective date will be determined, insofar as possible, to coincide with the effective dates established for application of revised schedules by other Federal agencies in the area.

d. **Periodic Step Increases.** Where authorized wage schedules for non-U.S. citizen employees contain a range of step rates for each grade, employees shall be advanced in compensation to the next higher rate within the grade upon completion of a one year waiting period, except in cases where there is an administrative determination that performance of duties is unsatisfactory. Advancement shall be made on approval of the Director or designee effective at the beginning of the next pay period following completion of the required waiting period. 5 Code of Federal Regulations 531.403 through 531-406, with the exception of 531.405(a), will govern the within-grade process.

e. **Adjustment of Step Rates on Application of Revised Schedule.** A revised salary schedule for non-U.S. citizen positions shall be installed by adjusting each employee to the same step he or she held under the old schedule. "(1) in those cases where an employee is paid above the maximum step of his or her grade under the old schedule and this rate exceeds the top step rate of the new schedule, he or she shall continue to receive the present rate. "(2) when an employee is paid above the maximum step of his or her grade under the old schedule and this rate falls between two steps, or is equal to a step rate on the new schedule for his or her grade, the employee is entitled to the lowest step on the new schedule that equals or exceeds his or her current rate of pay. " (3) where an employee is at the top step rate of the old schedule and the new schedule has more step rates, the employee shall be advanced one step, provided the one year time-in-grade requirement in section B.3.d. is met. In no case shall the employee be advanced more than one step."

f. **Adjustment of Salary Rates on Position Changes.** Salary adjustments for non-U.S. citizen employees on promotion, change to lower grade, reassignment, reemployment, restoration, and transfer, shall be effected as for General Schedule employees in accordance with the provisions of chapter 531, this part.

g. **Nightwork Pay Differential, Overtime Compensation, and Holiday Pay.** The regulations for General Schedule employees set forth in chapters 550 and 610, this part, are equally applicable to non-U.S. citizens employed in the VA Regional Office, Republic of the Philippines.

**h. Severance Pay**

(1) Insofar as practicable, a non-U.S. citizen employee being separated due to RIF or disability, without just cause as defined in subparagraph (8) below, will be given advance written notice

equivalent to 2 weeks' notice for each year of continuous nontemporary U.S. Government service, but no less than 30 days. Such service includes that performed in any U.S. Government agency without a break in service of more than 3 calendar days. Intervening military service followed by exercised restoration rights and intervening periods covered by payments under the Missing Person's Act shall also be counted as U.S. Government service for this purpose.

(2) A non-U.S. citizen employee separated without just cause and without full advance written notice as provided in subparagraph (1) above, or whose entitlement exceeds the 90-day maximum notice applicable under RIF procedures, will be granted severance pay covering the number of 2-week units of entitlement projected by subparagraph (1) above, minus the number of days between the date of the notice and the proposed effective date of separation, provided the employee is not immediately eligible for voluntary or other retirement under the U.S. Civil Service Retirement System or continuing benefits from the Bureau of Employees' Compensation. Such payment will be based on the employee's rate of pay as of date of separation.

(3) For purposes of calculating the period of entitlement only service rendered prior to the date written notice is given shall be considered. An odd 6 months or more will be considered 1 year's service. Any single period of leave without pay of 30 days or more will be excluded from the computation unless the employee received compensation under the U.S. Federal Employee' Compensation Act for the same period. However, any period following separation for which restoration to duty was directed shall be included in the service computation. The total entitlement shall then be calculated back from the projected separation date in 2-week units.

(4) Severance pay will also be granted in the event of a non-U.S. citizen employee's death provided it is not the result of vicious habits, intemperance or misconduct on his part and provided his survivors are not immediately eligible for continuing benefits under the U.S. Civil Service Retirement System or from the Bureau of Employee's Compensation.

(5) Severance pay will not be granted when the employee is reemployed by another U.S. Government agency after separation of 3 calendar days or less.

(6) Annual and sick leave taken after the notice of separation is received by the employee shall be counted as days worked and shall not serve to extend the severance notice entitlement. Similarly, leave without pay taken subsequent to the date the employee received notice of the proposed separation, shall be counted as days of notice for purposes of computing any residual period for which severance pay is due. Lump-sum leave payments made at the time of separation shall not, however, serve to reduce or be substituted for the separation pay entitlement provided above.

(7) Civil service retirement deductions will not be taken from severance payments since the payments are not considered a part of basic salary. Entitlement should be appropriately recorded on the employee's individual personnel record in any case where a payment is authorized and paid.

(8) For purposes of this plan, separation for just cause includes the following: (a) closing of the VA installation or of a subordinate office located elsewhere, (b) unsatisfactory performance of duty, (c) malfeasance, misconduct, theft, fraud, etc., (d) vicious habits or intemperance resulting in disability, (e) abandonment of positions, (f) abuse of annual or sick leave or any other similar reason.

(9) The Director, Manila regional office, or his designee shall determine, consistent with these guidelines, the number of 2-week units of entitlement, if any, in each individual case.

**i. Semiannual Bonus**

(1) Full Midyear Bonus. Each Full-Time non-U.S. citizen on the rolls as of April 30, and who otherwise is eligible, shall be paid a midyear bonus of one month's pay on or about May 15 of each year. An employee on the rolls as of April 30, in a leave-without-pay status, is, if otherwise eligible, entitled to the midyear bonus. If an employee, during a portion of the 12-month period immediately preceding May 1, was carried on the rolls in a LWOP status, he or she will not receive credit for any month in which more of his or her, time was spent in LWOP status than in an active pay status. Credit for service in connection with granting midyear bonuses is given only for employment by the manila regional office. The amount of the bonus will be computed by multiplying the scheduled hourly rate by 173.333. Midyear bonuses are not considered as base pay for life insurance or retirement purposes.

(2) Full Yearend Bonus. Each full-time non-U.S. citizen on the rolls as of October 31, and who otherwise is eligible, shall be paid a yearend bonus of one month's pay on or about November 15 of each year an employee on the rolls as of October 31, in a leave-without-pay status, is, if otherwise eligible, entitled to the yearend bonus. If an employee during a portion of the 12-month period immediately preceding November 1 of the yearend bonus was carried on the rolls in a LWOP status, he or she shall not receive credit for any month in which more of his or her time was spent in LWOP status than in an active pay status. Credit for service in connection with granting yearend bonuses is given only for employment by the manila regional office. The amount of the bonus will be computed by multiplying the scheduled hourly rate by 173.333. Yearend bonuses are not considered as base pay for life insurance or retirement purposes.

(3) Partial Midyear and Yearend Bonus. Full-time employees on the rolls as of April 30 or October 31 but who were on the rolls less than the full 12 months of the bonus period will have their portion of the full bonus determined in accordance with the table below. Part-time or intermittent employees on the rolls as of April 30 or October 31 who worked fewer than 40 hours per week during the bonus year will have their portion of the full bonus established as follows: Divide 173.333 into the number of hours worked and paid for at straight time rates (exclude hours worked in overtime status) during the year. The resulting figure will represent length of service in months which will be converted to the amount of the bonus in accordance with the table below:

Length of Service	Amount of Full Bonus
12 Months	Full Bonus
11 Months	Eleven-Twelfths
10 Months	Five-Sixths
9 Months	Three-Fourths
Length of Service	Amount of Full Bonus
8 Months	Two-Thirds
7 Months	Seven-Twelfths
6 Months	One-Half

5 Months	Five-Twelfths
4 Months	One-Third
3 Months	One-Fourth
2 Months	One-Sixth
1 Month	One-Twelfth
Less Than 1 Month	No Bonus

NOTE: The number of months entered under the heading "Length of Service" means the number of months of continuous service immediately prior to May 1 or November 1 of the year concerned. Fractional parts of a month of 15 or more calendar days shall be counted as a full month. Fractional parts of a month less than 15 days shall be disregarded.

j. **Other Benefits.** Other benefits, as appropriate, may be authorized in accordance with instructions issued by the Under Secretary for Benefits consistent with similar action taken by the U.S. embassy in Manila.



**CHAPTER 534. PAY UNDER OTHER SYSTEMS**  
(To Be Used With 5 CFR, Part 304)

**SECTION C. EXPERTS AND CONSULTANTS**

**1. SCOPE**

This section sets forth pay policy for experts and consultants appointed under authority of 5 U.S.C. 3109, the VA appropriation act of the current year, and 5 CFR, part 304. Not included are consultants appointed in the Veterans Health Administration under authority of 38 U.S.C. 7405.

**2. REFERENCES**

- a. 5 U.S.C. 3109 and 5504.
- b. 5 CFR, part 304.

**3. POLICY**

Experts and consultants shall be paid at a rate determined by department or staff office heads, as appropriate. In making such determinations, the position classification principles of the General Schedule system will be utilized to the extent deemed proper. Ordinarily, the rate may not exceed the daily rate for GS-15, step 10. However, as indicated in 43 Comptroller General 509, if utilization is to be in a position which otherwise would not be subject to the supergrade limitations of 5 U.S.C. 5108 (i.e., professional engineering positions primarily concerned with research and development and professional positions in the physical and natural sciences and medicine), the rate may exceed the daily rate for GS-15, step 10, but not the daily rate for GS-18. For daily rate computation, see 5 U.S.C. 5504(b).



## CHAPTER 534. PAY UNDER OTHER SYSTEMS

### SECTION E. PAY FOR SENIOR-LEVEL AND SCIENTIFIC AND PROFESSIONAL POSITIONS

#### 1. SCOPE AND EXCLUSIONS

a. **Scope.** This section applies to Department of Veterans Affairs (VA) senior-level (SL) positions classified above GS-15 in accordance with 5 U.S.C. 5108 and to scientific and professional (ST) positions established under 5 U.S.C. 3104.

b. **Exclusions.** Board of Contract Appeals positions formerly classified above GS-15 and Senior Executive Service (SES) positions.

#### 2. REFERENCES

a. 5 U.S.C. 5307 and 5376.

b. 5 CFR parts 319, 530 subpart B, 534 subpart E, and 591 subpart B.

#### 3. DEFINITION

Because the positions are established under separate title 5 authorities, SL will be used for senior-level positions and ST for scientific and professional positions for Personnel and Accounting Integrated Data (PAID) System coding identification purposes. For purposes of this policy, however, the term "senior-level" (SL) will be used to describe both categories of covered positions and employees.

#### 4. LEGAL AND REGULATORY REQUIREMENTS

a. **Pay range.** Pay under the SL system may not be:

(1) less than 120 percent of the rate of basic pay for GS-15, step 1; or

(2) more than the rate of basic pay for level IV of the Executive Schedule.

b. **Aggregate compensation limits.** Limits on aggregate compensation in 5 U.S.C. 5307 and 5 CFR Part 530, subpart B are applicable (see ch. 530, sec. B, this part).

c. **Annual schedule adjustment.** The Secretary shall adjust the SL schedule by an amount he considers appropriate, to take effect concurrent with an adjustment to the General Schedule (GS) under 5 U.S.C. 5303. Increases to SL pay as result of an annual schedule adjustment under 5 CFR 534.504 do not start a new 12-month period if the increase does not exceed the greater of the annual GS or Executive Schedule adjustment.

## 5. PAY ADMINISTRATION

a. **Pay schedule.** The VA SL schedule will consist of thirteen pay levels. The initial schedule with rates effective January 12, 1992, is provided as an example in Appendix A. Subsequent schedules will be adjusted by amounts determined by the Secretary and published separately.

b. **Pay level adjustment (PLA).** The pay level of an employee in the SL may not be adjusted more than once in a 12-month period.

c. Except for the specific pay administration provisions included in this section or specified in regulation, MP-5, Part I policies for Title 5 positions formerly classified at grades GS-16 through GS-18 (e.g., leave, performance management system, disciplinary actions, adverse actions, etc.) are applicable to SL positions.

## 6. RESPONSIBILITIES

a. The Secretary or designee will establish and adjust the rates of pay for the SL schedule and approve salary rates for employees upon entry into the VA SL pay system and any adjustments to their pay levels.

b. Administration heads, Assistant Secretaries, other key officials, and Deputy Assistant Secretaries will recommend the salary level for initial placement and adjustment to the pay levels for SL employees under their jurisdiction.

c. The Chairperson of the VA Executive Resources Board (ERB) will oversee administration of the SL pay system to ensure that pay level determinations proposed under paragraphs 7 and 8 below are consistent with law, Office of Personnel Management (OPM) regulation, and VA policy and contribute to a reasonable distribution of employees within the SL pay range.

## 7. PAY SETTING UPON INITIAL ENTRY

a. Pay upon transfer of an SL employee from another Federal agency will be set at the lowest level that equals or exceeds the candidate's existing SL rate of basic pay, unless a higher level is justified in accordance with the criteria in subparagraph d below.

b. For initial appointment of a non-Federal employee, pay will usually be set at SL-1, unless a higher level is justified in accordance with the criteria in subparagraph d below.

c. Pay for Civil Service employees newly appointed to an SL position will be set at the lowest pay level which exceeds their current rate of pay, plus six percent, unless a higher level is justified in accordance with the criteria in subparagraph d below.

d. Pay setting for initial SL appointments with VA in excess of those described above are appropriate when warranted by the level of responsibilities of the assignment and the impact of the position on VA, the Federal Government, and/or the private sector, in anticipation of outstanding contributions to the organization by the SL employee; and to ease problems in recruiting a high equality employee for a position which is "hard-to-fill" because of such factors as its geographic

location or unique qualification requirements. A recommendation to establish an initial rate in excess of the rates described in subparagraphs a, b, and c above must include appropriate justification.

## 8. PAY LEVEL ADJUSTMENTS

a. The rate of basic pay for any SL employee may be adjusted only once during a 12-month period. For purposes of this limitation, the initial pay level established under paragraph 7 is considered an adjustment, except when an SL employee transfers from another agency with no change in pay rate. Schedule adjustments made under subparagraph 4c of this section do not start a new 12-month period unless they exceed the greater of the annual GS or Executive Schedule adjustment for that year.

b. The Secretary may approve reassignments to different duties and responsibilities within the SL pay system at the same pay level or at a higher level. In conjunction with a proposed reassignment, Administration heads, Assistant Secretaries, other key officials, and Deputy Assistant Secretaries will recommend an appropriate pay level to the Secretary, through the Chairperson, VA ERB and the Office of Personnel and Labor Relations (053).

c. Each SL employee's pay level will be reviewed annually, in conjunction with the VA performance appraisal process described in chapter 430, this part. In addition to the employee's performance appraisal, factors such as professional stature, enhanced qualifications, and contributions will be reviewed in determining whether a PLA is appropriate. Generally, adjustments based on annual evaluations will not exceed one pay level. PLAs are wholly at the discretion of the Department. Since they are permanent and continue to affect pay and entitlement, they should be approved only when the justifying factors are ongoing. Often, a superior performance award, rather than a PLA, may be more appropriate to recognize performance excellence.

## 9. GRADE AND PAY RETENTION

a. **Grade Retention.** SL employees are not eligible for grade retention.

b. **Pay Retention.** Pay retention is authorized for those who become eligible because of assignment from a SL position to a position in a covered pay schedule (see ch. 536, this part).

## 10. CONVERSION OF CURRENT EMPLOYEES

a. Employees who were classified at grades GS-16 or above prior to May 5, 1991, were converted on that date to the SL pay system without change in pay.

b. Employees were assigned to an SL pay level concurrent with the issuance of the 1992 pay schedule for SL positions. This adjustment does not constitute the beginning of a 12-month period as it is not an increase in pay in excess of the average GS adjustment under 5 U.S.C. 5303.